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PROPERTY MANAGEMENT AGENCY

BUSINESS PLAN

1997 - 1998

Yukon
Government Services

103-03097/

BUSINESS PLAN

1997 - 1998

"A Central Agency That Works"

OUR BUSINESS STRATEGY

The Property Management Agency exists to assist government departments through the process of acquiring and managing the buildings and facilities that they need to deliver their program activities. As a central agency, the Property Management Agency fulfills a need for specialized procurement, technical and management skills in property management that is common across government agencies. Through the Agency, the common pool of skills can be leveraged to serve a large number of government agencies, while managers of those agencies can concentrate their skills and resources on their core business of delivering their programs. The ultimate goal is to save the taxpayer money through reduced overlap and duplication and improved resource management.

The management and staff of the Property Management Agency recognize that a central agency can only be effective in its role if it adopts a flexible business approach, is accountable and is easy to access and use. We are determined to be a central agency that works by adapting and changing to acquire these characteristics and to continuously keep pace with customer needs. The beginning of the 1996/1997 fiscal year marked a significant milestone in implementing the change process for the Agency by formally establishing Property Management as a "Special Operating Agency", with its own corporate and visual identity. We have met and exceeded the goals and objectives set in the Agency's Charter and Business Plans. Fiscal 1996/1997 was a year of consolidating the changes that were introduced by the establishment of the SOA. Next year, fiscal 1997/1998, we will continue the change process defined in the Charter by solidifying Property Management as a viable operating organization focused on servicing its customers.

The publication of this, our second annual Business Plan, continues our commitment to be publicly accountable for performance and results.

OUR BUSINESS PLAN FOR FISCAL 1997 / 1998

The Property Management Agency (PMA) maintains the resources necessary to plan, develop and maintain a wide variety of facilities throughout the Yukon. The real strength of the Agency is having the multiple disciplines reside in one organization. The ability to provide effective coordination of these disciplines is the key ingredient that brings value to our customers, our stakeholders and ultimately the tax payer. The major initiatives that we will undertake this year to deliver on our customer service commitments are:

- Continue to work in partnership with each of our clients in order to define their individual space requirements and develop long - range space plans to achieve their needs.
- Continue to enhance our customer-centered approach to business by holding client focus groups and implementing agreed upon recommendations for improvement.
- Institute fee for service arrangements for capital development projects for external clients.
- Through our account management framework the Agency will work to develop a better understanding of the programs and structures of our individual clients, continually updating our service agreements to further improve our response to clients' needs.
- Commence the implementation of a corporate wide energy auditing program to identify buildings suitable for cost effective retro-fits and establish strategies to reduce energy consumption.
- Continue to increase contracting to the private sector in local Yukon communities as the volume of work increases to benefit those communities.
- Incorporate other requested services into our fee structure as an option for our customers.
- Continue to develop our management information systems and integrate them into our operations to increase our capability to update and enhance our clients' budgets and meet their specific requirements.
- Continue to expand our operational effectiveness without increased service fees.

A CENTRAL AGENCY THAT WORKS

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Property Management Agency - Overview

The Property Management Agency (PMA) was formally established as a Special Operating Agency (SOA) on April 1, 1996. The implementation of the PMA and other government service organizations as SOAs is important in the Government's drive to re-focus programs on customer service, leadership, innovation and accountability. We publish annual business plans so that the Agency's value is enhanced through the communication of a common vision and explicit goals and objectives.

WHO WE ARE

The Property Management Agency is a Special Operating Agency of the Yukon Government and operates within the Department of Government Services. We have staff in virtually every Yukon community and manage our operations out of regional headquarters in Whitehorse, Dawson City, Watson Lake and Haines Junction.

We are involved in both the development and operation of facilities for our customers. We manage the delivery of facilities planning, design, construction and leasing services to help our clients acquire appropriate and affordable facilities. On a day-to-day basis, we see that the maintenance, grounds, cleaning, security and utilities services are delivered to buildings. Our operational goal is to ensure the ongoing comfort of the occupants of facilities by actively managing the condition of the facilities we are responsible for.

Our customers are Yukon government departments and other public agencies which use public funds to acquire and operate facilities. Other customers to which we provide these services include Yukon College, Health Canada, WHSCB, CYFN and many others. In all we manage about 400 government leased and owned properties.

A CENTRAL AGENCY THAT WORKS

The Property Management Agency as a Special Operation Agency has been established as a centralized point for the management and delivery of specialized facilities procurement, technical and maintenance services. The re-organization of the Agency as part of its establishment as an SOA has allowed it to leverage the specialized skills needed to service a large number of customers effectively. This should meet the objective of saving money by allowing program areas to concentrate totally on program delivery and the Agency to utilize its resources in order to support Departmental objectives.

In our first year of operation we continually sought ways of improving our service delivery capability by making our services more accessible. Our approach is to change our service delivery and administration systems to focus on what is important to our customers, suppliers and staff and to the public.

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VALUE

The Property Management Agency was formed on the basis of providing value to:

Our Customers - Assisting our customers to meet their goals and objectives by procuring and managing facilities that will provide comfortable, appropriate and cost effective accommodation for their program activities.

Our Suppliers - Forming relationships and partnerships with locally based private sector suppliers to provide necessary goods and services. Each contract entered into must be a "win" for the supplier, the Agency and the customer.

Our Employees - Focusing the front-line trades person, project manager, other skilled staff and management on understanding and delivering value to the customer.

The Public - Being publicly accountable for the right things, namely, performance and results, and the delivery of value.

The Agency has undertaken a number of initiatives to ensure that value is provided to these stakeholders and that the interests of each is balanced.

CRITICAL SUCCESS FACTORS

The Property Management Agency defined three factors which were critical to its success:

Customer Service - Meeting the needs and expectations of all our customers, retaining current customers and acquiring new ones.

Fiscal Accountability - As a service provider, operating efficiencies and cost reduction measures are ongoing drivers of our business.

Public Policy - Making a difference to the government's economic and social agenda. Having a favorable impact on our suppliers, employees and the general public.

These items will continue to be used to measure the Agency's progress and overall success.

Improving Access to Property Management Services

The Agencies service offerings are divided into three major categories:

- Development
- Facilities Management
- Realty Services

To discuss our service model, it is necessary to define two basic categories of facilities:

- special purpose facilities, which are generally client sponsored buildings such as schools, institutions, grader stations etc.,
- commercial facilities, which are generally offices and warehouses that are leased or owned by Government Services.

ACTION DESK

We operate a central "Action Desk" so that customers have a single point of access to any Property Management service. The Action Desk ensures that all service requests are tracked and dealt with effectively. As an option customers who find it more convenient to deal with specific contacts within Property Management may do so.

A brochure entitled "How to Request Building Services" is made available to all occupants of buildings covered by operational agreements with us. This easy reference allows customers to directly access the Agency's services.

CAPITAL DEVELOPMENT

Capital development services are provided to help customers plan and acquire affordable and appropriate facilities for their program activities. Services include facilities planning and evaluation, functional programming, leasing, design, and construction management. A variety of procurement models are used for obtaining and financing facilities.

PMA planning program delivers such services as building condition reports, commercial space planning, post-occupancy and post-project evaluations, standardized contract documents and a collection of various benchmark and costing data to assist our customers.

Services are provided on a project-by-project basis, so that customer objectives and requirements are fully understood for each project and that the scope and cost are adequately defined. An individual Property Management project manager is assigned responsibility for working directly with the project sponsor on each project. Guidelines for defining process roles, and responsibilities are contained in a "Building Development Guidelines" manual.

Funding for our project management staff is provided by a Property Management Agency capital program, so internal customers do not pay for these services. Planning, design, and construction services are purchased from the private sector. Customers pay for all purchased services on a "bill-back" basis. Bill-back works as follows: when the scope and cost of a project have been agreed upon, the customer authorizes Property Management to spend their funds, through a transfer authorization. All of the tendering, contracting, administration, and accounting activities are managed within Property Management. Money paid out on contracts is recovered from the customer on a monthly basis.

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FACILITIES MANAGEMENT

The business of facilities management is to deliver comprehensive operational and maintenance support for government facilities. We ensure that our customers are provided with a comfortable environment for their staff while taking into account the need for day-to-day reliability as well as long term maintenance of the building asset.

Facilities Management services are provided under written facilities management service agreements, or under the terms of annual leases arranged through our Realty Services.

Facilities Management agreements are flexible and negotiated to meet the customer's needs. Services are usually divided into the following categories: maintenance, utilities, custodial, security, and grounds. Customers choose which of these they will manage themselves, and which they will request Property Management to manage on their behalf.

Facilities Management services for special purpose facilities are paid for by the customer under a fee for service agreement. The cost of the services provided by the Agency equals the costs of providing those services. The fee is agreed to and fixed at the time the agreement is established, and paid in advance to Property Management periodically, normally as a quarterly payment. The rationale of the fixed fee is discussed further in the discussion of our financial framework. The basis for negotiating fees is discussed in the Financial Framework and Management sections of this document.

Facilities Management services for commercial facilities are funded primarily by a Yukon Government Services O & M program. The Agency has not yet established tenant rent for these facilities in order for them to become totally revenue dependent.

Once the facilities management agreement or lease is in place, any occupant of the building can deal with day-to-day issues covered by the agreement through the Property Management Action Desk.

REALTY SERVICES

Realty Services allocate office and commercial space to Yukon government departments, from the Yukon government's inventory of owned and leased commercial space. Services offered encompass administering leases and managing the government's overall investment in commercial space. Through this activity, Property Management effectively acts as the "landlord" for Government Services owned space.

Yukon government departments access this service when they have a need for changes to their office space. Other agencies use this service when they want access to Yukon government owned property. The Agency determines the best course of action in the context of the government's overall strategy for managing commercial space and then initiates the necessary action within the Agency to see that the customer's needs are met.

If the result involves the customer occupying Government Services owned space, the ongoing relationship with Property Management will be defined in the form of a lease. Many such relationships are not presently defined in writing, but Property Management plans to begin remedying that issue. Customer agencies pay for services according to the terms of the lease. Presently services to both outside agencies and Yukon government departments are often subsidized by a Yukon Government Services O&M vote.

OPTIONS FOR CUSTOMERS

Yukon government departments are required by Management Board Directives to use Property Management's services when they require development, maintenance, or realty services. Other facilities management services may be acquired by Property Management or directly by the customer department.

These directives are often perceived as an anomaly in the portrayal of government departments as "customers" of Property Management. Part of being a customer, it is argued, is having a choice in a competitive market among more than one service provider.

Property Management's service offerings are structured so that they do not compete with the private sector. Property Management is positioned to provide an alternative to government departments carrying out their own procurement and management activities. Departments who have a rationale and justification for taking on this responsibility themselves may apply to Management Board for a change to the general policy.

Other public agencies may use Property Management's services, or carry out their own procurement and management activities. Yukon government crown corporations and agencies fall into this category. In choosing to use Property Management services, agencies must recognize our wish not to compete with the private sector, and acquire our full management services as they are described in this service model.

6 Financial Framework & Management

The financial framework for the Property Management Agency was defined in its Charter and Bill 32 to amend the Financial Administration Act. It is designed to meet the following objectives:

- to give the Agency's managers the tools and incentives to make resource allocation decisions on the basis of a rational financial model, and consideration to bottom line results;
- to enable the Agency's customers to make resource allocation decisions that take into account the full cost impact of those decisions;
- to enhance the accountability of the Agency by providing for its financial performance to be fully disclosed and debated in the legislature.

The Agency's financial framework incorporates the following:

- fee for service
- accrual accounting
- a separate fund
- meaningful accountability

SPONSORSHIP OF BUILDINGS

Assigning custodian responsibility of buildings to departments is a necessary element of the financial framework. Custodianship of facilities within the Yukon government has been assigned to departments in the following categories:

- ***Special purpose buildings***, such as schools, health facilities, etc. will be under custodianship of the program department. The role of the Property Management Agency is to manage development, operation, and maintenance of properties on behalf of the owner. All funding for construction, upgrading, and operations and maintenance is the responsibility of the sponsoring department or agency. Capital funding for these activities will not flow through the separate fund.
- ***Commercial buildings***, such as office buildings and warehouses will be owned or leased by Government Services for the 1997-98 fiscal year. Buildings of this nature are often shared between departments, but will be included in this category even though they may be currently occupied by only one program department or agency. Capital funding for construction, upgrading, and operating and maintenance will be the responsibility of the Property Management Agency.

FEE FOR SERVICE

The agency provides operational services on a fee for service basis, so that the customer is responsible for obtaining funding for the services that it needs. This ensures that the customer agency is always accountable for the volume of services used, while the Property Management Agency is accountable for the price and delivery of those services.

O&M services for customer sponsored buildings is provided on the basis of written service agreements, the terms of which will be negotiable within the context of the normal business activities of the Agency. Fixed fees are negotiated in advance and are based on the anticipated costs of delivering the agreed upon package of services.

"Fee for service" is distinct from "charge back". Fees for services are negotiated in advance and are fixed, based on the services to be delivered. Under a fee for service arrangement, the customer knows their costs in advance, and the responsibility for delivering the agreed upon service is clearly delineated. Accounting for fee for service is far simpler than the process of tracking and accounting for charge back business arrangements.

Payment for O&M services provided to customers in commercial owned buildings is governed by the terms of the lease. Where no written leases exist, or where the lease does not include provisions for payment of full costs, operations will be funded out of a Government Services O&M vote for the 1997-98 fiscal year.

Commencing with the 1998-99 fiscal year, it is anticipated that written commercial space agreements will be in place for all commercial owned buildings. In fiscal year 1997-98 PMA will continue charging the incremental cost for new leased commercial space for clients departments obtained from the private sector.

Capital development and capital maintenance services will continue to be delivered on a "bill back" basis, with the cost of managing the projects being funded out of the Government Services capital vote. Under this model, the building sponsor funds the direct cost of services purchased from the private sector.

SEPARATE FUND

The Agency operates a separate revolving fund established under the FAA. All of the Agency's O&M revenue is placed in the fund, and all of the Agency's O&M expenditures are paid from the fund.

Revenues include:

- fees paid for services by all customers, whether they are government departments or other agencies, including departments and agencies of other governments.
- proceeds from the disposal of assets.
- transfers from the government consolidated fund.

Expenditures paid from the revolving fund may include:

- wages and benefits of the Agency's employees.
- goods and services purchased for the Agency's operations.
- capital assets purchased for the Agency's operations.

The fund provides the Agency's managers with the tools and incentives to produce results on the bottom line, since every financial decision they make will automatically be reflected in the bottom line

The separate fund:

- provides authority to spend all revenues for the purpose of delivering the services. It avoids the necessity to formally increase the budget every time there is an increase in revenues.
- removes the artificial constraints created by lapsing votes, which give managers the wrong incentives when dealing with savings from reduced costs. PMA revolving fund includes any operating surpluses accumulated utilizing the surplus in the next fiscal year. Successful cost reduction efforts will be reflected in lower fees in subsequent years.
- increases the manager's ability to schedule and reschedule work rationally, and not under pressure from an artificial deadline. The timing of the government's fiscal year often works against the construction industry's seasonal cycle.
- provides a cushion to account for short term anomalies in costs, which are an inherent characteristic of maintenance costs, through the cost carry over feature of a separate fund. Maintenance is scheduled when it is needed instead of when the money happens to be available in a vote. Savings are used either for later maintenance work, or to reduce fees, instead of being reallocated to lower priorities.
- enables the Agency to incorporate other services, such as capital maintenance into its fee schedule, but only where customers prefer this approach.

MEANINGFUL ACCOUNTABILITY

The separate fund makes it possible to do what would otherwise be a resource intensive job of restating the government's accounts.

The Agency's financial projections and results are reported in the Agency's business plan and annual report in terms of its own accounts. There is full disclosure of all revenues, expenditures, and all fees and unit costs associated by facilities for every customer. These plans and reports accompany the government's main estimates and public accounts and are intended to focus debate on the Agency's operating objectives and results.

The intent of the model is to allow capital assets used by the Agency in its business operations to be carried in its accounts and depreciated over the normal life of each asset. The depreciation will be recorded as a cost of providing services and will be reflected in the fees charged to customers. Both the Charter and Bill 32 specifically refer to the fact that revenues from the sale, lease or other use of equipment recorded as assets of the Agency are to be credited to the revolving fund.

Property Management Agency Operational Plan

The Property Management Agency was established as an SOA so that it could implement a different way of doing business. We moved away from being a Departmental Branch that controlled and rationed limited facilities management resources and services to an Agency that services customer needs, produces value, wins new work and customers and delivers customer satisfaction. The work completed in fiscal 1995/96 and 1996/97 established the Agency's internal business organization, its methods and procedures. The way the Agency interacts with its customers at a business and operational level has also evolved.

The preparation of this Business Plan, the second since the Agency was established, continues the change process. Internally, the Plan represents the commitment of the Agency's management and staff to its customers. To our customers it sets expectations and defines our working relationship.

SOLIDIFYING THE AGENCY'S OPERATIONS

The Property Management Agency completed the re-organization of its service delivery and administrative support organization in fiscal 1996/1997. The new organization is organized along customer account lines supported by a service focused administrative staff. Senior and operating management focused on customers and service delivery putting highly skilled multi-disciplinary teams on the front line.

The key initiatives which will be undertaken over the next year are:

- continue to enhance our customer-centered approach to business by holding client focus groups and implementing agreed upon recommendations for improvements.
- continue to work on corporate standards and guidelines educating our customers about the business of facility management.
- update facility management agreements in order to further improve our responsiveness in meeting our clients' needs.
- through our account management framework PMA will work at developing a better understanding of the programs and structures of our individual clients, making it possible to anticipate future requirements and customize our services in response to those requirements.

IMPROVING CUSTOMER SERVICE

Customer focus sessions and satisfaction surveys told us that we were on the right track in terms of customer service, nevertheless there is room for improvement. In fiscal 1996/1997 we instituted a customer service culture in the Agency. The necessary support systems and procedures are now in place.

The initiatives which will be undertaken to improve and monitor our customer service performance are:

- customer focus session and surveys will continue to be held. We need to continue to communicate with our customers.
- we will strengthen the areas of the organization involved directly with customer service.
- benchmarking of our operations will continue to provide information required to effectively manage our operation and customer satisfaction.

- customer service agreements will continue to be upgraded and improved to provide practical and concise definition of service delivery expectations and results.
- a communication plan will be developed to gather, analyze and process information regarding or affecting our customers.
- continue to develop our information system project. This will increase our capability to update and enhance our clients' budgets and meet other client specific requirements in a more expeditious manner.

As the Government strives to balance various financial management initiatives with the demand of increased services, the Agency will assist in meeting this challenge by providing our customers with cost-effective solutions in the face of increased budgetary pressure.

IMPROVED UTILIZATION OF GOVERNMENT PROPERTY

Through this objective the Agency will provide leadership in developing quality work environments for our customers. This initiative is intended to meet customers' needs to promote the effective use of buildings and space across government. In fiscal 1997/1998 we will complete the following:

- Continue to work in partnership with each of our clients to define their individual space requirements and develop long range space plans to achieve their needs.
- review the inventory of government owned and leased buildings and space as requested by our customers.
- work with customers to re-allocate and re-define space allocations and usage.
- assist customers to identify under used, vacant and or inappropriate space allocations to assist customers to consolidate program space usage.

The Agency has the responsibility to work with customers to ensure that all government owned and leased space is used effectively.

BEING ACCOUNTABLE

Establishment of the information systems and the operational and financial reporting mechanisms was completed in fiscal 1996/1997. These systems have been designed to capture the necessary data to report the Agency's performance at various management levels.

New Integrated Building Information Systems (IBIS) have been installed to meet operational and base financial reporting requirements. These systems will be integrated with the corporate financial systems to establish a strong operational and financial reporting capability. This system will allows us to produce activity based costing reporting to the necessary level of detail for us to effectively manage our operations, prepare meaningful financial statements and report performance to our customers.

We will complete the following initiatives in fiscal 1997/1998:

- an action plan will be developed to address operational performance issues in leased and owned facilities.
- improvements in teamwork and our commitment to partnership will be further enhanced through the introduction of selected initiatives.

- review the allocation of Capital and Operations and Maintenance funds to ensure that these funds are used effectively.
- ensure that training is completed for appropriate staff in the effective negotiation of contracts.
- strong financial management and controls will be used to ensure that cost effective services are provided by the Agency.
- the importance of enhanced customer relations will be reinforced through the design and implementation of a customer reporting and training program.
- improve the measurement of its performance against industry and customer standards.

IMPROVED MANAGEMENT OF GOVERNMENT PROPERTY

Operational effectiveness relates directly to our corporate goal of managing portfolio and services in an effective and accountable way. As a service provider, operating efficiencies and cost reduction measures are ongoing drivers of our business as we seek to provide improved services to our customers.

The agency will initiate a complete review of the Agency's portfolio to determine:

- how the useful life of existing buildings could be lengthened.
- which maintenance programs could be implemented in order to extend a building's life usefulness.
- an assessment of the overall condition of facilities to determine capital maintenance and upgrading needs, priorities and costs.

The Agency has set the stage for innovation in accommodation delivery and technology application. A comprehensive research and development plan containing strategies for improving customer satisfaction , improving returns on investments and evaluating new technologies is being developed. Focus areas of the plan that will be implemented over the next several years, include:

- Building Systems
- Energy and environment technologies
- Indoor environment quality
- Information management and technology

NEW SERVICE INITIATIVES

We will work with our customers to identify and define new and modified services which can become part of our standard service offering. New services will be incorporated into our customer service agreements and building information system performance reporting mechanisms. The Agency will continue to identify and develop other opportunities to do business with new clients. This allows the Agency's customers further cost reductions, by lower service unit cost rates. Local communities also benefit with local management of contracts.

The Agency also works in partnership with locally based private sector suppliers to provide the necessary services to build and operate facilities.

SUMMARY FINANCIAL STATEMENT

The summary financial statement below depicts the sources of revenue for the Agency and the manner in which the funds received are spent.

As stipulated in the Property Management Agency Charter, services to special purpose client sponsored buildings is billed to customers on a fee for service basis under the terms of facilities management service agreements. Services to commercial facilities owned by Government Services have been, for the last year, funded by an O&M vote from Government Services. It is anticipated that future years' revenue from commercial facilities will be received on a fee for service basis.

All costs of delivering facility management services are shown as expenditures in the summary financial statements. These include services delivered to all government space regardless of which department "sponsors" it. However the cost of space leased is shown separately. Capital revenue and expenditures are shown to illustrate the volume of work the Agency is responsible for (DGS Capital Vote).

Planned Revenues and Expenditures O&M and Capital	1997-98 Forecast	1996-97 Forecast	1995-96 Actuals *
Revenues			
Facilities Management Services:			
Internal Service Agreements	8,617.1	8,122.4	
External Service Agreements *	626.9	532.9	
Property Management Equipment (DGS Capital Vote)	50.0	15.0	64.7
Realty Services:			
Internal Agreement	380.4	277.5	
Revenue Leases *	354.9	430.8	
Common Facilities (DGS Capital Vote)	160.0	100.0	264.1
Energy Conservation Retrofits (DGS Capital Vote)	135.0	30.0	78.4
Capital Maintenance & Upgrades (DGS Capital Vote)	175.0	1,130.0	443.1
Commercial Space (DGS O&M Vote)	10,823.7	10,958.7	14,676.8
Development Services:			
Building Development Overhead (DGS Capital Vote)	1,500.0	1,515.0	1,376.4
Pre-Engineering (DGS Capital Vote)	50.0	50.0	23.3
External Client Fee	0.0		
Total Revenues	22,873.0	23,162.3	16,926.8
Expenditures			
Facilities Management Services:			
Utilities	2,614.0	2,592.9	2,481.4
Custodial	5,163.8	5,023.3	2,960.7
Security	660.6	513.9	287.9
Grounds	671.7	587.5	120.7
Maintenance	4,810.2	4,767.9	3,176.5
Facilities Management	2,301.1	2,301.0	1,564.7
Property Management Equipment (DGS Capital Vote)	50.0	15.0	64.7
Realty Services:			
Commercial Leases	4,581.6	4,535.8	4,084.9
Common Facilities (DGS Capital Vote)	160.0	100.0	264.1
Energy Conservation Retrofits (DGS Capital Vote)	135.0	30.0	78.4
Capital Maintenance & Upgrades (DGS Capital Vote)	175.0	1,130.0	443.1
Development Services:			
Building Development Overhead (DGS Capital Vote)	1,500.0	1,515.0	1,376.4
Pre-Engineering (DGS Capital Vote)	50.0	50.0	23.3
Total Expenditures	22,873.0	23,162.3	16,926.8
Excess (Deficiency) of Revenues over Expenditures	0.0	0.0	0.0

* Actual prior to establishmnet of SOA shows that revenue was not recognized in departments, therefore, revenues are deemed to equal expenditures. In addition $865 was received from outside agencies.

Figure 1: Summary Financial Statement

REVENUE PROJECTIONS BY CUSTOMER AND SERVICE

This table shows what services each department and Agency is expected to buy from Property Management in 1997-98. These numbers are supported by detailed lists of buildings which have been distributed to the departments.

The Realty Services Revenue is detailed in figure 3

FACILITY MANAGEMENT SERVICES	UTILITIES	CUSTODIAL	GROUNDS	SECURITY	MAINTENANCE	TOTAL
FACILITIES MANAGEMENT AGREEMENT (FMA - O&M)						
Government Departments						
Community & Transp. Services	3,464	123,978	25,000	8,280	886,535	1,047,257
Education	72,196	3,447,787	250,000	74,000	2,651,005	6,494,988
Health & Social Services	34,080	12,900	0	3,006	548,754	598,740
Justice	0	0	0	0	129,938	129,938
Renewable Resources	0	4,162	0	2,484	67,462	74,108
Tourism	63,503	19,103	0	0	189,437	272,043
Total Government Departments	**173,243**	**3,607,930**	**275,000**	**87,770**	**4,473,131**	**8,617,074**
Fleet Vehicle Agency					30,000	30,000
Workers' Compensation Board	65,000	79,357	7,000	6,663	14,000	172,020
Yukon Housing Corporation					11,970	11,970
Yukon Liquor Corporation	0	0	3,700	0	46,390	50,090
Health Canada	0	0	0	0	316,870	316,870
Public Works Canada						
R.C.M.P.						
DIAND						
Other						46,033
Subtotal - FMA (O&M)	**238,243**	**3,687,287**	**285,700**	**94,433**	**4,892,361**	**9,244,057**
REALTY SERVICES (O&M)	See details in figure 3 - Realty Services Revenue Details					
Commercial Space (O&M Vote from DGS)						10,823,707
Government Departments (Leases)						380,380
Other Agencies (Leases)						354,864
FMA - O & M TOTALS	**238,243**	**3,687,287**	**285,700**	**94,433**	**4,892,361**	**20,803,008**
CAPITAL (DGS CAPITAL VOTE)						
Building Development Overhead						**1,500,000**
Pre-Engineering						**50,000**
Common Facilities						**160,000**
Energy Conservation Retrofits						**135,000**
Capital Maintenance & Upgrades						**175,000**
Property Management Equipment						**50,000**
TOTAL O&M and CAPITAL						**22,873,008**

Figure 2

REALTY SERVICES REVENUE DETAILS

PMA manages all Government Services owned space. Until March 31, 1998 Government Services is the nominal owner of all office space, as well as all surplus space. The following table details how much space exists, who occupies it, what it costs to run and how much of that cost is paid by the occupant. The portion that is not funded by the occupants is funded by the O&M vote to Government Services for the 1997/98 fiscal year.

Realty Services Revenue	Square Feet Occupied	Cost of Space	Funded by Occupant	Funded by O & M Vote Gov't Services	Comparison Market Rent Costs	
Government Services						
DGS - Common	95,216	842,406	0	842,406	2,189,968	*
DGS - Surplus	60,036	40,417	0	40,417	1,200,720	**
Government Services	99,476	1,005,184	48,172	957,012	2,287,948	*
	254,728	1,888,007	48,172	1,839,835	5,678,636	
Government Departments						
C&TS	56,239	774,787	0	774,787	1,293,497	*
Economic Development	15,820	405,359	56,651	348,708	363,860	*
Education	65,444	1,209,775	11,556	1,198,219	1,505,212	*
Executive Council Office	39,689	748,439	58,497	689,942	912,847	*
Finance	11,511	132,656	0	132,656	264,753	*
Health & Social Services	58,823	1,141,050	127,855	1,013,195	1,352,929	*
Justice	116,082	1,320,718	20,775	1,299,943	2,669,886	*
Public Service Commission	12,145	139,963	0	139,963	279,335	*
Renewable Resources	40,426	585,271	13,097	572,174	929,798	*
Tourism	37,022	411,641	43,777	367,864	851,506	*
Women's Directorate	1,500	17,286	0	17,286	34,500	*
Yukon Legislative Assembly	11,492	132,437	0	132,437	264,316	*
	466,193	7,019,382	332,208	6,687,174	10,722,439	
Government Crowns and Agencies						
WCB	0	0	0	0	0	*
Yukon Arts Centre	38,751	233,687	0	233,687	775,020	**
Yukon College	293,386	1,733,338	44,238	1,689,100	5,867,720	**
New Yukon College Residence	3,229	10,398	0	10,398	64,580	**
Yukon Housing Corporation	857	10,417	26,849	(16,432)	17,140	**
Yukon Liquor Corporation	7,688	50,639	129,277	(78,638)	153,760	**
Northern Science Centre	2,153	8,030	0	8,030	43,060	**
	346,064	2,046,509	200,364	1,846,145	6,921,280	
Other Organizations						
Carcross Youth Centre	2,400	0	0	0	48,000	**
Carcross/Tagish First Nation	0	8,200	8,200	0	8,200	**
Child Development Centre	13,400	297,817	60,001	237,816	268,000	**
Dawson Museum Society	14,000	107,085	0	107,085	280,000	**
KVA	893	10,789	10,716	73	17,860	**
Klondike National Hist. Society	1,900	22,955	0	22,955	38,000	**
Legal Aid Society	409	4,584	0	4,584	9,407	*
Native Court Workers	1,466	16,432	0	16,432	33,718	*
Native Language Centre	6,566	38,280	0	38,280	151,018	*
Playcare Centre Society	5,000	791	0	791	100,000	**
Polarettes Gym Club	5,000	0	5,001	(5,001)	100,000	**
River Rental	0	600	600	0	1,000	
Ross River Dena Council	13,335	54,470	0	54,470	266,700	**
TIA	1,027	6,309	5,135	1,174	20,540	**
Whitehorse Chamber of Commerce	3,000	11,000	0	11,000	60,000	**
	68,396	579,312	89,653	489,659	1,402,443	
Other Governments						
Canada Post Corporation	1,887	12,086	39,716	(27,630)	37,740	**
DND	0	0	0	0	0	
Village of Haines Junction	1,924	12,988	22,946	(9,958)	38480	**
	3,811	25,074	62,662	(37,588)	76,220	
Commercial						
CIBC	104	666	2,184	(1,518)	2,080	**
	104	666	2,184	(1,518)	2,080	
Total	1,139,296	11,558,950	735,243	10,823,707	24,803,098	

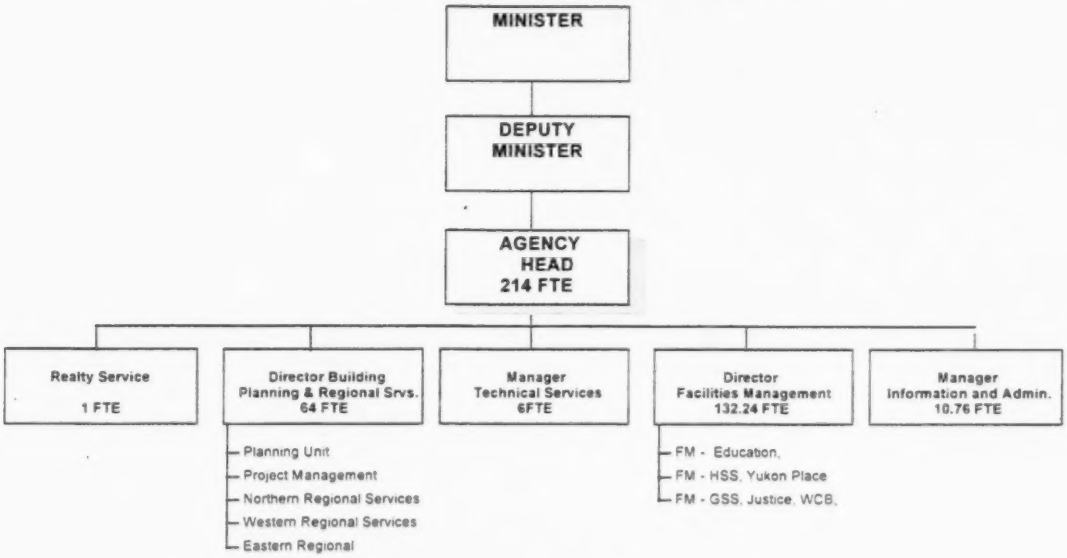
*Considered Grade "A" space for calculation purposes ($23.00 per square foot per annum)
**Considered Grade "B" space for calculation purposes ($20.00 per square foot per annum)

Figure 3: Realty Services Revenue
Notes: 1. Some occupants are charged market rent for their space, so the revenue exceeds the cost. This extra revenue is used to reduce the overall vote required by Government Services.
2. "DGS - Common" refers to common space in the administration buildings which is shared by all occupants

HOW THE SERVICES ARE DELIVERED

Property Management services are delivered to our customers by integrated multi-disciplinary teams. Facilities Management, Regional Services, Leasing, Planning and Project Management service units deliver services directly to customers. Technical and Administration units provide services to customers and the other service units.

PROPOSED SERVICE DELIVERY STRUCTURE



PROPERTY MANAGEMENT AGENCY FTE ANALYSIS

Community	1997 / 98 FTE's	%	1996 / 97 FTE's	%
Beaver Creek	0.42	0.2%	0.42	0.2%
Carcross	1.10	0.5%	1.10	0.5%
Carmacks	1.37	0.6%	2.37	1.1%
Dawson	10.02	4.7%	10.02	4.8%
Destruction Bay	0.42	0.2%	0.42	0.2%
Faro	4.03	1.9%	4.03	1.9%
Haines Junction	6.21	2.9%	6.21	3.0%
Mayo	2.38	1.1%	2.38	1.1%
Old Crow	5.49	2.6%	5.49	2.6%
Pelly Crossing	1.53	0.7%	1.53	0.7%
Ross River	1.10	0.5%	1.10	0.5%
Teslin	2.10	1.0%	2.10	1.0%
Watson Lake	10.42	4.9%	10.40	5.0%
Whitehorse	167.39	78.2%	162.08	77.3%
Total	213.98	100.0%	209.65	100.0%

The increase of 4.33 FTE's for the 1997/98 fiscal year is due to the acquisition of the facilities management responsibilities at Whitehorse Airport (3 FTE's) and the hiring of a systems administrator at the Agency's head office (1 FTE).

Figure 5: Staff by Community

VOLUME AND PERFORMANCE MEASURES

The Property Management Agency has defined its critical success factors as:

- customer service
- fiscal accountability
- public policy

Considerable resources and time are required to develop and maintain quantifiable performance indicators. Property Management has concentrated most of its efforts on the second one, unit costing. Over the past three years, the Agency has developed information and systems that enable it to charge customers at cost for each service to each building. The responsibility for funding services is being moved to the customer agencies, so that they have to look at the ultimate performance indicator for them: value for money.

The Agency is currently reviewing its current performance criteria and benchmarks. Some of the key performance criteria are:

- work order response time
- utility cost per rentable square foot
- lease type, term and cost
- maintenance cost annually per square foot

CUSTOMER SERVICE

It is very difficult to come up with an objective measure of "customer satisfaction". If the Agency's services were entirely optional, the volume of business would be an indicator. The Agency has completed a number of strategic initiatives related to customer service, and will continue with these initiatives as opportunities arise. The Agency has reviewed and altered its internal organization, held customer focus groups, and trained all of its staff in customer service. We will continue to make changes as we receive feedback from our customers.

As many of our services are optional we will continue to actively pursue new customers and provide new and additional services to current clients. We will closely monitor the volume of our business with the new information systems and tracking systems that have been installed. Our ability to deliver a greater volume of services without increasing staff will measure our effectiveness. The addition of new customers and the increase in service volumes to current customers will measure customer satisfaction and constitute an expression of confidence in our ability to deliver.

FISCAL ACCOUNTABILITY

We have increased our ability to prepare detailed budgets and effectively track our revenues and expenditures. In addition to the corporate accounting systems that we have used in the past we have implemented an Integrated Building Information System (IBIS). IBIS allows us to produce activity based costing to the necessary level of detail for us to effectively manage our operations, prepare meaningful financial statements and report on our performance to our customers. The information captured in the IBIS and financial management systems permits us to react quickly to correct problems and predict issues that will need management attention.

At an operational level we have implemented new budgeting and management reporting procedures. These make senior management accountable for their operations and the decisions made and provides managers with the information to gauge their performance in the context of the Agency's overall operation.

OVERALL VOLUMES AND UNIT COSTS OF FACILITIES MANAGEMENT SERVICES

In broad terms, the table illustrates that the volume of services being provided by Property Management is increasing substantially. All of the increases in total dollars spent is due to volume increases, rather than price increases. The following notes explain variations in the numbers.

	1997-1998 FORECAST			1996-97 FORECAST			1995-1996 ACTUALS		
	Sq Ft Gross Area	Cost	Cost Per Sq Ft	Sq Ft Gross Area	Cost	Cost Per Sq Ft	Sq Ft Gross Area	Cost	Cost Per Sq Ft
Utilities	1,039,955	2,614,065	2.51	1,003,805	2,592,900	2.58	984,107	2,481,400	2.52
Custodial	1,822,579	5,163,787	2.83	1,785,271	5,023,300	2.81	1,785,271	2,960,700	1.66
Security	1,668,698	660,605	0.40	1,668,698	513,900	0.31	573,212	287,900	0.50
Grounds	1,425,839	671,684	0.47	1,910,196	587,500	0.31	938,866	120,700	0.13
Commercial Leases	254,738	4,581,601	17.99	238,900	4,535,800	18.99	234,070	4,084,900	17.45
Maintenance	2,979,912	4,810,261	1.61	2,845,838	4,767,900	1.68	2,786,892	3,176,500	1.14
Facilities Management	2,979,912	2,301,000	0.77	2,963,181	2,301,000	0.78	2,963,181	1,564,700	0.53
Total O & M		20,803,003			20,322,300			14,676,800	
Capital		2,070,000			2,840,000			2,250,000	
TOTAL		22,873,003			23,162,300			16,926,800	

Utilities: In 1997-98 we expect a decrease in energy cost due to the energy conservation program within commercial facilities.

Custodial: Property Management took over responsibility for custodial services in schools in late 1995-96 (figures include custodial for part year). The increase in unit cost for 1996-97 reflects the fact that this takeover changes the mode of delivery from largely contracted to government staff. In 1997-98 Education is expecting additional services to be included in the schools custodial program.

Security: Property Management also took over responsibility for security in schools in late 95/96. The drop in unit price from the 96/97 actual reflects a new mix of services. Previously, the largest portion of service involved government security guards providing 24 hour service in key buildings. In 97/98 all schools are covered by contracted services, using electronic monitoring.

Grounds: The gross square footage for the 97/98 fiscal will decrease substantially with the service levels increasing. Client departments have requested increased service level for ground maintenance.

Commercial Leases: Slight decreases are expected as leases are renewed.

Maintenance: Property Management has historically been responsible for maintaining all government buildings, so the only changes in volume occur when new buildings are constructed. Costs are stable. The jump from 95/96 actual reflects a change in accounting procedures where maintenance service is funded under capital by the client department but recorded as maintenance by PMA.

Facilities Management: The jump in cost for 1996-97 reflects a change in accounting procedure, rather than a cost increase. The cost of vehicles used by maintenance trades people is now included in this item, it was formerly not included in Property Management's vote.